

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

In the Matter of the Application of)
HAWAIIAN ELECTRIC COMPANY, INC.)
for Approval to Commit Funds in)
Excess of \$2,500,000 (Excluding)
Customer Contributions) for Item)
Y00044, Ko Olina Substation)
Transformer #1 and Circuit.)

DOCKET NO. 05-0056

ORDER NO. 23125

Filed Dec. 11, 2006
At 8 o'clock A .M.

Karen Higashi
Chief Clerk of the Commission

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DIV. OF CONSUMER ADVOCACY
DEPT. OF COMMERCE AND
CONSUMER AFFAIRS
STATE OF HAWAII

ATTEST: A True Copy
KAREN HIGASHI
Chief Clerk, Public Utilities
Commission, State of Hawaii.

K. Higashi

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Docket No. 05-0056

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ORDER

By this Order, the commission approves HAWAIIAN ELECTRIC COMPANY, INC's ("HECO") request to revise the alignment for one of the 46 kilovolt ("kV") overhead line extensions for Item Y00044, Ko Olina Substation Transformer #1 and Circuit ("Ko Olina Substation Project"), which was approved by the commission in Decision and Order No. 22001, filed on August 31, 2005 ("Decision and Order No. 22001").

I.

Background

A.

Request for Proposed Revised Alignment

1.

Ko Olina Substation Project

The Ko Olina Substation Project involves the construction of a new system distribution substation adjacent to the Oahu Railway and Land right-of-way in the Ko Olina

development. Included in the project are plans for the installation of two new 46kV subtransmission overhead lines partially underground and partially overhead. By request of Ko Olina Resort and Marina, the 46kV subtransmission line extensions adjacent to the Ko Olina Golf Course will be underground and the remaining sections of the 46kV line extensions will be installed overhead.

By Decision and Order No. 22001, the commission approved HECO's request to, among other things, determine that the proposed 46kV subtransmission lines be constructed above and below the surface of the ground, pursuant to Hawaii Revised Statutes ("HRS") § 269-27(a).¹

2.

Proposed Revised Alignment

By letter dated October 6, 2005, HECO informed the commission that it needed to revise its plans for one of the proposed 46kV overhead line extensions in the Proposed Project ("Proposed Revised Alignment"), as "[u]pon further engineering review, HECO determined that it would be unable to attach the proposed 46kV line to three of the seven existing transmission steel poles (i.e., steel poles P.22, P.21, P.20) on the makai-side of old Farrington Highway due to inadequate ground

¹HECO also requested approval to commit funds in excess of \$2,500,000 (excluding customer contributions) for the Proposed Project, which was granted.

clearances" ("HECO Letter").² The Proposed Revised Alignment differs from the alignment described by HECO in its original application, filed on March 4, 2005 ("Application"), in that:

The revised 46kV line extension involves the section of 46kV overhead conductors which will connect the existing Kahe-Standard Oil #2 46kV overhead line from existing subtransmission wood pole P.126 along old Farrington Highway to the re-named Kahe-Standard Oil #2 46kV line on existing subtransmission wood pole along Farrington Highway. The revised plan will attach the 46kV line to 10 replacement distribution wood poles The 10 existing 45-foot distribution poles will be replaced with 65-foot wood distribution poles. The new 46 kV conductors will be installed above the existing Barbers Point 12kV line. The estimated cost for the 10 replacement wood poles is \$163,000, while the estimated cost for HECO's original proposal to attach to the seven steel poles is \$140,800, an increase of approximately \$22,000.³

According to HECO, notwithstanding the Proposed Revised Alignment, a public hearing is not required under HRS § 269-27.5,⁴ and a redetermination of whether the revised 46kV alignment should be constructed overhead under HRS § 269-27.6(a) is unnecessary.

On November 10, 2005, the DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS, DIVISION OF CONSUMER ADVOCACY

²HECO Letter at 1. HECO states that, pursuant to the commission's General Order No. 6, Standards for Electric Utility Service in the State of Hawaii, a minimum ground clearance of thirty (30) feet is required for the 46kV line. Attaching the 46kV line to these three (3) poles would result in spans that would not meet the 30-foot ground clearance at maximum sag. Id.

³HECO Letter at 1-2.

⁴A public hearing was held with regard to the initial Application on April 27, 2005, pursuant to HRS § 269-27.5.

("Consumer Advocate"),⁵ filed a letter with the commission in response to HECO's October 6, 2005 letter indicating that (1) the Proposed Revised Alignment would result in a significant change in the scope of work described in the Application and approved by the commission, (2) the Revised Alignment may create a negative visual impact to nearby subdivision residents, (3) the public should have the opportunity to assess the potential visual impact of the Proposed Revised Alignment through a second public hearing, and (4) the commission is required to reassess the reasonableness of the Proposed Revised Alignment ("Consumer Advocate's Letter").

By letter dated and filed on December 9, 2005, HECO responded to the Consumer Advocate's Letter reiterating, among other things, its position that a second public hearing is unnecessary because the area of the Proposed Revised Alignment is zoned for agricultural use, and will not significantly impact the existing view plane from the nearby subdivision ("HECO Response"). HECO, however, added that "[i]f the [c]ommission requires a re-determination that the revised 46kV line alignment be constructed overhead pursuant to HRS § 269-27.6(a), HECO requests that the [c]ommission determine that the revised 46kV line alignment on the mauka-side of old Farrington Highway be constructed overhead."⁶

⁵Pursuant to HRS § 269-51 and Hawaii Administrative Rules § 6-61-62, the Consumer Advocate is an ex officio party to all proceedings before the commission. Other than HECO and the Consumer Advocate, there are no other parties to this proceeding.

⁶HECO Response at 4.

3.

Public Hearing

On March 1, 2006, the commission held a public hearing on HECO's Proposed Revised Alignment at the Kapolei Middle School, at 91-5335 Kapolei Parkway.

B.

Consumer Advocate's Position

On November 9, 2006, the Consumer Advocate filed a letter informing the commission that it does not object to the Proposed Revised Alignment of one of the new 46kV overhead line extensions (Kahe-Standard Oil #2 46kV line extension). According to the Consumer Advocate, it reconsidered the HRS § 269-27.6(a) factors it addressed in its August 18, 2005 statement of position and determined that: (1) there remains a cost benefit to placing the 46kV line extension overhead based on estimated costs⁷; (2) there does not appear to be a benefit of placing the line extension in underground facilities which would outweigh the costs of such a placement; (3) there is no governmental policy mandating the placement of the transmission system in underground facilities; (4) there is no governmental agency or party willing to pay for the additional costs of undergrounding the proposed lines; and (5) the Proposed Revised Alignment will not result in

⁷HECO estimates the cost difference between the original alignment as proposed in the Application and the Proposed Revised Alignment to be \$22,000. HECO Letter at 2.

a negative visual impact as there are existing overhead lines in the affected area.⁸

II.

Discussion

HRS § 269-27.6(a) titled "Construction of high-voltage electric transmission lines; overhead or underground construction" states:

Notwithstanding any law to the contrary, whenever a public utility applies to the public utilities commission for approval to place, construct, erect, or otherwise build a new forty-six kilovolt or greater high voltage electric transmission system, either above or below the surface of the ground, the public utilities commission shall determine whether the electric transmission system shall be placed, constructed, erected, or built above or below the surface of the ground; provided that in its determination, the public utilities commission shall consider:

- (1) Whether a benefit exists that outweighs the costs of placing the electric transmission system underground;
- (2) Whether there is a governmental public policy requiring the electric transmission system to be placed, constructed, erected, or built underground, and the governmental agency establishing the policy commits funds for the additional costs of undergrounding;
- (3) Whether any governmental agency or other parties are willing to pay for the additional costs of undergrounding;

⁸HECO notes that the homes nearest the Proposed Revised Alignment are approximately a third of a mile away, with the remaining nine poles situated even further away. Id.

- (4) The recommendation of the division of consumer advocacy of the department of commerce and consumer affairs, which shall be based on an evaluation of the factors set forth under this subsection; and
- (5) Any other relevant factors.

HRS § 269-27.6(a).

Here, the commission finds that the Proposed Revised Alignment is not appreciably different from that proposed in the original Application, which the commission approved in Decision and Order No. 22001. As such, there does not appear to be a benefit that exists that outweighs the costs associated with constructing the lines underground. The estimated cost for the replacement wood poles is \$163,000, while the estimated cost for HECO's original proposal is \$140,800, an increase of approximately \$22,000. The cost to underground the Proposed Revised Alignment, however, would be \$2,264,000, which is approximately seven times the cost to place the facilities above ground. In addition, the commission is unaware of any other parties willing to pay the additional cost of undergrounding the 46kV lines and the Proposed Revised Alignment will not significantly alter the existing view plane from the nearby residential area, as there are already overhead lines in the affected area. The Consumer Advocate, moreover, does not object to the Proposed Revised Alignment. Accordingly, in light of the above, the commission concludes that HECO's Proposed Revised Alignment should be approved, pursuant to HRS § 269-27.6(a).

III.

Orders

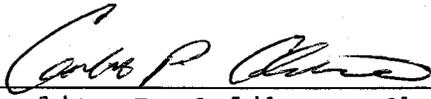
THE COMMISSION ORDERS:

1. HECO's Proposed Revised Alignment, as described in its letters dated October 6, 2005 and December 9, 2005, is approved, pursuant to HRS § 269-27.6(a).

2. In all other respects, Decision and Order No. 22001 remains unchanged.

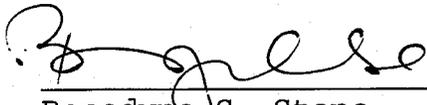
DONE at Honolulu, Hawaii DEC 11 2006.

PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

By 
Carlito P. Caliboso, Chairman

By 
John E. Cole, Commissioner

APPROVED AS TO FORM:


Benedyne S. Stone
Commission Counsel

05-0056.cp

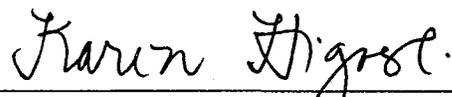
CERTIFICATE OF SERVICE

I hereby certify that I have this date served a copy of the foregoing Order No. 23125 upon the following parties, by causing a copy hereof to be mailed, postage prepaid, and properly addressed to each such party.

CATHERINE P. AWAKUNI
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Karen Higashi

DATED: DEC 11 2006